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Complaints Examination & Legal Administration
Federal Election Commission
999 E Street NW
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Dear Mr. Jordan:

This letter is a *sua sponte* submission to the Federal Election Commission ("FEC") on behalf of Visclosky for Congress ("the committee") regarding the committee's amendments to its 2008 October Quarterly Report, 2008 12 Day Pre-General Report, 2008 30 Day Post-General Report, 2008 Year-End Report, 2009 April Quarterly Report, 2009 July Quarterly Report, 2009 October Quarterly Report, 2009 Year-End Report, 2010 April Quarterly Report, 2010 Pre-Primary Report, 2010 July Quarterly Report, 2010 October Quarterly Report, and 2010 12 Day Pre-General Report. As originally filed these reports were not complete. The committee has filed amended reports as well as a Form 99 for each report that explains the amendments. The committee seeks to enter pre-probable cause conciliation with the FEC regarding these reports.

History of Committee Bookkeeping and Reporting

Prior to June 2009, the committee's administrative campaign aide was a signatory on the committee's bank accounts and kept the committee's books. The campaign aide paid the committee's bills and made payments on the committee's credit card accounts. The campaign aide also approved the committee's FEC campaign finance reports, which were prepared by committee staff. The campaign aide was the only person who saw the committee's books and financial statements. It is unclear whether the aide reconciled the committee's FEC reports to its financial statements.

The campaign aide was the source of data that was used to report disbursements on the committee's FEC reports. The campaign aide informed committee staff regarding the checks that had been written for payments to vendors, and instructed committee staff on how to report campaign expenses paid with the committee's credit cards.

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In June 2009, the campaign aide's relationship with the committee ended. Committee staff have not been in contact with the aide since that time. In March 2010, committee staff received a notice from one of its banks indicating that a Certificate of Deposit ("CD") held by the committee had matured. Committee staff were unaware of the existence of the CD before this notice. While the contributions comprising principal of the CD had been reported accurately on previous FEC reports, the interest earned had not.

The notice led committee staff to contact immediately the FEC's Reports Analysis Division to report the existence of the CD, to alert the FEC to the potential for a discrepancy between the committee's actual and reported cash on hand and to seek guidance on the best course of action to remedy the potential discrepancy. The FEC Reports Division Analyst advised committee staff to reconcile the Committee's financial activity and to amend prior reports that reflected the potential discrepancy. In response to this guidance, Committee staff investigated the committee's accounts. In doing so, committee staff discovered a discrepancy between the cash on hand reported to the FEC and the total cash on hand held by the committee. The discrepancy was largely the result of the previous campaign aide's failure to notify committee staff of interest earned on the committee's deposits and investments. Committee staff also discovered that its FEC reports were in some cases inaccurate with regard to campaign expenses paid with campaign credit cards. The data provided to committee staff by the campaign aide regarding these expenses were incomplete and insufficient for FEC reporting purposes. These errors created further discrepancies between the committee's actual finances and FEC reports.

Internal Investigation and External Audit

Committee staff initiated a full-scale investigation to remedy the discrepancy and create an accurate accounting of funds and investments held by the committee. As part of its investigation into the discrepancy, the committee contacted every bank or credit card company with which it had ever held an account. The committee obtained from each financial institution the following information: (1) the type of account; (2) the date the account was opened; (3) the starting balance of the account; (4) the source of the starting balance; (5) the date each past account was closed; (6) the closing balance of each past account; and (7) the current balance of each existing account.

The committee determined that it had owned at various times nine CDs, two money market accounts and one checking account. These accounts were spread among five financial institutions. Committee staff obtained monthly statements from the committee's banking institutions and credit card companies for as far back as possible. In some cases, this effort was made difficult due to changes in bank ownership. Two of the banks had been purchased by other banks and no longer existed as independent entities. Peoples Bank provided committee staff with images of checks written on the committee's only checking account going back to July 2008. Therefore, the committee has records of every campaign disbursement from July 2008 to the present.

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In May 2010, the committee hired an experienced FEC campaign finance consultant with twenty years' experience to perform a full audit of the committee's books and FEC reports. The committee provided to the consultant all the banking and credit card account statements and checks obtained from the committee's financial institutions. No limitations were placed on the consultant's audit, and the committee provided her with all information and documentation she requested.

On August 20, 2010, the consultant completed her audit of the committee's accounts and prior FEC reports. The audit determined that interest earned on the committee's CDs had gone unreported. The audit determined a batch of contribution checks from a single deposit had not been entered into the committee's FEC reporting software and thus had not been reported to the FEC. The audit determined that the discrepancy was also caused by the existence of checks written on the committee's account that had not been cashed by payees, but that had been reported to the FEC. The audit determined that payments made on committee credit card accounts had not been itemized fully in accordance with FEC rules. The audit did not find any evidence that campaign funds were missing or had been misused, only that they had not been accurately and completely reported to the FEC.

Amended Reports

The consultant recommended amending the committee's FEC reports as far back as could be supported by the documentation obtained from the committee's banks and credit card companies. Because the committee could itemize disbursements as far back as July 2008, the consultant also recommended that the committee amend its FEC reports back to that date. In December 2010, the consultant and the committee completed accurate amendments to its FEC reports for the period of July 2008 to December 2010 and filed them with the commission.

Changes to Bank Accounts and Internal Controls

The committee has made several changes in response to the discrepancy in order to prevent such errors from occurring again.

The committee instituted new controls on its financial accounts. The signatories on all accounts are limited to the committee's current campaign aide, one additional campaign aide and Rep. Visclosky. All checks larger than \$20,000 must be signed by two of three signatories.

The committee made changes to its accounting and reporting procedures. The committee accurately and fully itemizes all credit card charges in accordance with FEC guidelines. Each month committee staff reconcile the committee's financial statements and enter all data into FEC reporting software. The financial statements and totals in the FEC reporting software are then also reconciled. The committee's books are audited quarterly, reviewed by a compliance specialist and reconciled with the committee's FEC reports.

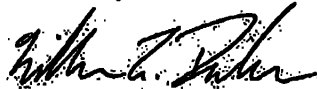
Since the amendment of prior reports and the institution of new controls and procedures, the committee has filed accurate and complete reports with the FEC.

Conclusion

While acknowledging that it filed incomplete reports, the committee has gone to great lengths to rectify any errors. The previous campaign aide who was responsible for the committee's finances and approval of FEC reports is no longer associated with the committee. The committee self-reported to the FEC the likelihood of a discrepancy immediately upon its discovery. The committee performed an internal investigation and a thorough external audit. The committee amended its reports to reflect accurately actual contributions, disbursements and interest earned. In addition to addressing the previous discrepancies, the committee instituted new controls to reduce greatly the likelihood of a future discrepancy occurring.

Please contact me with any questions you may have about this letter or this matter generally.

Sincerely,



William L. Drake
Counsel for Visclosky for Congress

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